

**COUNCIL ACTION FORM**

**SUBJECT: CYRIDE CONTRACT CHANGE ORDER FOR PURCHASE OF USED BUSES**

**BACKGROUND:**

CyRide staff has been in the process of acquiring used buses due to scarce federal dollars to purchase new buses. Within the City’s Five Year Capital Improvement Plan, \$250,000 was budgeted over two fiscal years to purchase and rehabilitate used buses (\$125,000 in 2013-14 and in 2014-15). **In April, staff was able to purchase ten used buses from Metro Transit in Minneapolis – St. Paul, MN, of which eight will be used in operations and the remaining two will be used for parts.**

In order to have five of the eight buses ready for service when ISU begins this fall, CyRide contracted with ABC Companies of Faribault, Minnesota through a formal bid process – based on hourly rates – to repair and paint the vehicles to CyRide’s color-scheme. Based on actual costs for previous projects of a similar nature, a budget of \$9,457 per bus or a total of \$47,285 was established at bid award for painting and body work on the first five buses.

The exact number of hours needed to complete body work was unknown until the project was in progress. CyRide has now received invoices for two of the five buses and the repairs and painting have averaged \$12,142 per bus as opposed to the budgeted price of \$9,457. The additional cost is associated with unanticipated body work to address corrosion on the vehicles that was discovered when making repairs. Based on the actual costs for the first two buses, CyRide believes that the budget should be \$12,500 per bus (\$62,500 total) for the body work on the five buses, which will exceed staff’s authorization \$50,000. Therefore, CyRide is requesting a contract change order to increase the amount of the purchase order from \$47,285 to \$62,500, an increase of \$15,215 to cover the extra body work that is needed. The overall budget for the purchase and repair of the ten buses is shown below:

<b>Budget</b>	<b>Dollars</b>
Available Funds	\$250,000
Purchase 10 Used Metro Buses	-\$33,300
<b>Total Remaining</b>	<b>\$216,700</b>
Revised estimated cost to paint first group of five buses (FY13-14)	-\$62,500
Revised estimated cost to paint second group of three buses (FY14-15)	-\$37,500
Balance to complete repairs, equipment and make-ready work at CyRide	\$116,700

Since the buses are in good mechanical condition, this change order should be adequate to complete their rehabilitation and preparation for service.

The Transit Board of Trustees approved this increase at their July 30, 2014 Board meeting.

**ALTERNATIVES:**

1. Approve a contract change order with ABC Companies of Faribault, MN in the amount of \$15,215.
2. Direct staff to modify the project to reflect the City Council's priorities.

**MANAGER'S RECOMMENDED ACTION:**

CyRide's budget for purchase and refurbishment of these buses is adequate to address the purchase order cost increase, and CyRide needs additional buses to address the anticipated ridership increase during the 2014-2015 school year. Therefore, it is critical that the work be completed so that the vehicles are ready for the beginning of school.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the purchase order increase so that body work and paint of CyRide's newest used buses can be completed and the vehicles can be ready this fall.